

### **REMARKS**

Attorney for Applicants has carefully reviewed the outstanding Office Action on the above-identified application.

Applicants have amended dependent Claim 10 to depend from independent Claim 9. Claim 10 originally improperly depended from Claim 1.

Claims 1-36 were rejected in the Office Action under 35 U.S.C. 102(a) as being anticipated by U.S. Patent No. 6,985,886 Broadbent. For the reasons set forth below, Applicants respectfully traverse this rejection, and submit that the pending claims are patentable over Broadbent.

The present invention relates to a system and method for detecting and reporting predatory lending practices in loans. Information pertaining to one or more loans is processed by the present invention to determine whether one or more applicable predatory lending laws have been violated, without requiring knowledge of predatory lending laws by a user of the invention. Predatory lending practices are identified by comparing loan information to applicable predatory lending laws and general loan information to generate variances therebetween, and scoring the variances according to their respective degrees to determine a risk category for each loan based on the sum of the scores for each detected variance associated therewith. The user can then be notified when variances are detected, and steps can be identified for resolving the

detected variances. The present invention also provides the ability to track the status of each detected variance associated with a loan, and to detect the presence of fraud in connection with a loan based on the detected variances.

Broadbent discloses a system and method for managing the mortgage loan process. Federal, state, local, and professional regulations and requirements are tracked by the present invention, and a plurality of tasks are generated for processing a mortgage loan application to completion and settlement in accordance with the regulations. The system can generate the required tasks and forward them to the request for execution, and completion of the tasks can be monitored by the system so that a certificate of completion can be generated.

Broadbent fail to disclose each element of Applicants' claimed invention, as set forth in independent Claim 1 and Claims 2-8 depending therefrom. Each of these claims recites the limitation of **means for processing the loan information for each loan to detect predatory lending without requiring knowledge of predatory lending laws on the part of a user of the system.** Broadbent is absent whatsoever of any disclosure relating to detecting predatory lending. The Examiner refers to FIG. 1, element 207 as disclosing this feature. However, element 207 refers only to a central processing unit (CPU). No disclosure is provided relating to means for processing loan information to detect predatory lending. Rather, Broadbent uses lending laws to generate a list of tasks that are to be completed in order process a loan. Thus,

Broadbent fails to disclose any functionality relating to processing existing loans to detect the presence of predatory lending practices, much less doing so without requiring knowledge of existing predatory lending loans on the part of a user. As such, Applicant submits that Claims 1-8 are patentable over Broadbent.

Applicants respectfully submit that independent Claim 9 and Claims 10-16 depending therefrom are patentable over Broadbent. Each of these claims recites "**a processor being adapted to process the information for each loan to detect predatory lending without requiring knowledge of predatory lending laws on the part of a user of the system.**" Broadbent is wholly devoid of any disclosure relating to such a feature. The processor (CPU) 207 of Broadbent is programmed to generate a list of tasks to be accomplished during a loan application process to ensure compliance with applicable rules. Absolutely no capability is provided for processing existing loans, much less detecting predatory lending in existing loans without requiring knowledge of predatory lending laws on the part of a user. As such, Applicants submit that Claims 9-16 are patentable over Broadbent.

Applicants further submit that independent Claim 17 and Claims 18-21 depending therefrom are patentable over Broadbent. Claims 17-21 each recite "**a processor being adapted to process the loan information to calculate a score for each variance between the loan information and at least one of a plurality of predatory lending laws and the general loan information.**" No such feature is

disclosed in Broadbent. Indeed, Broadbent is entirely unconcerned with detecting variances between loan information and a plurality of predatory lending laws and general loan information, as well as calculating a score for each variance. As such, Applicants submit that Claims 17-21 are patentable over Broadbent.

Applicants further submit that independent Claims 22 and 29 and Claims 23-28 and 30-36 depending therefrom are patentable over Broadbent. In connection with these claims, the Office Action refers to FIG. 5, element 523 of Broadbent as disclosing the step of **comparing the information for each loan to a plurality of predatory lending laws and to the general loan information to detect one or more variances therebetween**, and FIG. 5, element 550 as disclosing the step of **scoring each variance based upon the degree thereof, whereby knowledge of the predatory lending laws on behalf of a user of the system is not required**. However, element 523 refers only to a portion ("Legal Context") of the "Originator & Processor Compliance Engine" software module 520. As set forth in column 31, line 33, "the 'Legal Context' 523 could comprise an assemblage of data sources which would contain the regulatory elements pertinent to the compliance and underwriting process as required by the 'Originator and Processor Compliance Engine' 520." The "Legal Context" refers only to information pertaining to loan regulation, and is wholly unrelated to predatory lending laws. Clearly, item 523 does not disclose comparing the information for each loan to a plurality of predatory lending laws and to general loan information to detect one or more variances therebetween, as set forth in Claims 22-36.

Further, Fig. 5, item 550 refers only to a "Task Maintenance & Status Reporting Gateway," which, as stated in Column 42, lines 15-21, "serves as a portal to communicate to and from other agents and workers who are qualified to perform assigned tasks. These tasks are those which would be assigned by the 'Loan Fulfillment Workflow Engine' 545 or by the ASP workflow processor Lendware 463 to other agents or workers to complete prior to the closing of the loan and distribution of funds." Clearly, item 550 is not concerned with scoring each variance based upon the degree thereof, whereby knowledge of the predatory lending laws on behalf of a user of the system is not required. As such, Applicants submit that Claims 22-36 are patentable over Broadbent.

In conclusion, Applicants submit that Broadbent fails to anticipate pending Claims 1-36. The system of Broadbent provides guidance for loan applicants to facilitate compliance with applicable loan laws and regulations, *during the application process*. Broadbent is unconcerned with *detecting* predatory lending practices in existing loans, and scoring loans based upon detected variances between loan information and existing predatory lending practices.

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All issues raised in the Office Action are believed to have been addressed.  
Claims 1-36 are pending and are in condition for allowance. Reexamination is  
requested and favorable action solicited.

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Respectfully submitted,



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